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Attachment to  
USIB-D-53.1/3  
Limited Distribution

MEMORANDUM FOR: Chairman, The United States Intelligence Board

SUBJECT : Estimated Foreign Intelligence Costs for Fiscal Year 1959

1. This report on estimated foreign intelligence costs for Fiscal Year 1959 was prepared pursuant to instructions approved by the United States Intelligence Board on 23 June 1959. (See Attachment to USIB-D-53.1/1 dated 3 June 1959).

2. The purpose of the report is to provide a clear and meaningful estimate of the United States intelligence costs as an essential aid to the Director of Central Intelligence in carrying out his responsibilities to coordinate the foreign intelligence effort of the United States and to the United States Intelligence Board in support of their responsibility to establish policies and develop programs for the guidance of all departments and agencies concerned. A secondary purpose is to provide an agreed estimate of intelligence costs which would be available for distribution to competent authority outside of the Intelligence Community.

3. The scope of the cost estimates contained in this report covers those United States foreign intelligence activities that are subject to the coordinating authority of the Director of Central Intelligence and to the guidance of policies established and programs developed by the United States Intelligence Board.

4. This report is to serve a purely statistical purpose inasmuch as costs can only be distributed into some of the functional categories by resorting to individual judgments which are subject to varying degrees of interpretation.

5. The cost estimates have been developed on the basis of actual obligations incurred during the fiscal year ending 30 June 1959 and derived from two basic types of cost data:

Direct Obligations: Those obligations actually incurred by an intelligence command, bureau or element thereof, or any comparable intelligence organization which actually performs the intelligence activity involved and can identify the related obligations. In essence, such obligations are those under the direct control of an intelligence organization or an intelligence element of a larger organization.

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*Supervised by [signature] 8 July 1960 (75-244779)*

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Indirect Obligations: Those obligations which appear in non-intelligence commands, bureaus, services, or other comparable organizations as a part of their own budget operations, but can be identified as being in support of an intelligence activity, e.g., Research and Development projects performed for foreign intelligence purposes.

*Out*  
Due to the variations in accounting procedures and estimative practices that are present within the Intelligence Community, the reporting members of the USIB have, as pertinent, prepared "Explanatory Notes" to accompany the tabulations covering their estimated costs. Careful attention to these notes is essential to avoid possible misinterpretation of the cost estimates, particularly when one reporting USIB member is compared with another.

6. The methods used by the departments and agencies in computing and reporting the cost estimates have varied; for example:

Navy and Air Force have included all their identifiable production and dissemination costs under the single heading of "Naval" and "Air" Intelligence respectively.

The functions of the Office of Special Operations, Office of the Secretary of Defense are not properly chargeable to either the collection or production of intelligence since their responsibilities are limited to the general area of policy formulation. For this reason, the costs of OSO are included in the report under the heading "Auxiliary Activities". Similarly, a portion of the costs of the Joint Staff (JCS) *and CI* are included under this heading.

*Insert DOD and State statements*  
7. The report consists of an over-all summary by function, including tabulation of both costs and man-years of all departments and agencies and similar tabulations for the Department of Defense. Essentially the same data in chart form has been prepared and one copy is available to each member of the Board through their representative on the Cost Estimates Committee.

8. In accordance with previous approval by the USIB, there are attached a letter addressed to the Director, Bureau of the Budget (Annex A), and a memorandum addressed to the Chairman, President's Board of Consultants on Foreign Intelligence Activities (Annex B), transmitting a copy of the first part of the report.

9. There is attached a copy of the letter to Mr. Cannon, Chairman, Committee on Appropriations, House of Representatives, dated 6 April 1960, transmitting a brief summary of the report which was approved by the Board at its meeting on 5 April 1960.

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10. Your Committee, in preparing the report, encountered many difficulties and, as a result of this experience, at a later date will submit recommendations of proposed changes in the content and format of subsequent reports.

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E. R. SAUNDERS  
Chairman  
Cost Estimates Committee

Attachments

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